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24 September 1952

MEMORANDUM FOR THE RECORD

SUBJECT:

Tentative Views of the Director concerning Measures Necessary to Improve Present Methods of Policy Guidance and Program Approval and Audit.

1. On 18 September the Director called Mr. Dulles and the undersigned into his office for discussion of the subject mentioned above and, in the course of the ensuing conversation, brought out the following thoughts and tentative proposals which he characterized as his very preliminary and current thinking.

2. The Director stated that he had been giving a considerable amount of thought to the improvement of our present systems of program review and audit which have proved to be unsatisfactory and inadequate. He said that he had two papers before him, one prepared by [ ] and the other submitted by Mr. Hedden via Mr. Dulles. He found himself unable to go along with either paper and was of the opinion that an entirely fresh approach would be required. The present Project Review Committee procedure is both tedious and inadequate, and moreover, requires the various Deputies (and Assistant Directors) to participate as members of the Project Review Committee, in the dual capacity of project proponents and project evaluators. This results in a confusion of interest in that it places these officers in the position of being both advocates and judges.

3. Concerning the [ ] paper, the Director said that, while he recognized the merit of certain proposals and felt that many of the procedural recommendations were sound as regards our internal organization, he was not prepared to accept this paper as the basis of an adequate solution of the problem, in view of the fact that it left too much responsibility for major policy decisions within the Agency.

4. The recommendations of the Hedden paper were rejected by the Director as inappropriate and unworkable. He remarked that these recommendations, if carried out, would result in the superimposition of a further staff echelon upon existing staffs and would lead to more complications, without at the same time providing the requisite element of judgment and authoritative approval. Moreover, these proposals would surely engender friction within the Agency since there would be a constant

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and irritating "needling" by relative juniors of relative seniors. Since the latter would, in any case, be charged with a heavy burden of responsibility and would be fully occupied in running their operations, it would be unfair to require of them a constant series of reports, answers to questions and justifications of their every action to another intermediate group.

5. Ever since the assumption by the Director of his responsibilities as head of the Agency, he has been trying to arrive at the best method of obtaining appropriate policy guidance and a workable system of program approval and periodic audit. (The magnitude paper and NSC 10/5 were the results of one such effort, but this has not produced the desired results.) The CIA is an executive and operating Agency, created to carry out programs in support of national policies, political and military, as determined by the senior Departments of the Government. Notwithstanding, the existing mechanisms for providing policy guidance and program approval, the Agency has continued in the position of having to assume too much responsibility and authority. The mounting cost of operations, coupled with the missing element of review and audit (substantive) leave the Agency open to Congressional and other criticism.

6. The Director pointed out that this is an extremely difficult and rather unique problem with which we are faced. Our cold war operations will probably continue over a long period of time. Political and psychological warfare are activities which do not lend themselves to precise evaluation and it is impossible to judge in absolute terms the success and failures of particular programs. Unlike military operations, there is no beginning and no end, but rather a continuous flow of effort with no clear end in view.

7. The ideal situation would be for the Project Review Committee to consist of DCI and Under Secretaries of State and Defense. However, it would not be possible for these already fully occupied individuals to give the amount of time that would be required in order to discharge this function personally and without assistance. They would need competent advisors from their respective staffs in order to be adequately informed. It is possible that this body, sitting as the PSB, could perform the policy guidance and audit function effectively -- but only if there were to be a genuine acceptance of certain essential principles.

8. The first of these would be the recognition on the part of the Deputy Secretaries of State and Defense of the true significance of their role, namely, the provision of both policy guidance and the evaluation and effectiveness of the various programs as the best means of carrying the policies into effect. Second, and even more difficult to gain genuine acceptance, would be the willingness of the three seniors to rely upon

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specified staff officers as their principal advisors, having competence to speak authoritatively and definitively on all subjects. Only chaos and complete insecurity would result from a reference of the questions to various areas and officials of the respective departments, since this would have the inevitable result of allowing matters to get down into the depths of the Departments and be fought over and too widely discussed by countless numbers of juniors. Hence, the chosen staff people would have to be held responsible by the seniors to do the necessary amount of coordinating and checking within their Departments.

9. The three presently designated representatives of the Departments of State and Defense and the JCS respectively are all top quality individuals. We could not hope to get and would not want to have better people. The only problem is that they are not set up in the proper framework at the present time. They or others of equivalent caliber might serve as the principal advisors and assistants of the Under Secretary, if the new approach were to be adopted.

10. The PSB, as presently constituted, has not been carrying out the responsibilities and accomplishing the results hoped for. The new concept outlined above would have the result of changing the essential character of the PSB and making it really a meaningful body, as it would in fact become the device through which all of our major cold war activities are generated and approved. The present staff of the PSB would also undergo a change as would its duties and responsibilities.

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Deputy Director (Plans)

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